

**Performance Audit
Tow Lot Site Selection Process**

February 2005

City Auditor's Office

City of Kansas City, Missouri

February 8, 2005

Honorable Mayor and Members of the City Council:

This performance audit was initiated by Resolution 041034, adopted on September 9, 2004, which directed the City Auditor to determine whether the proposed site for the city's new tow lot is the best available location.

The city did not follow a reasonable process in selecting the proposed tow lot site. Without city-wide guidance, one Neighborhood and Community Services Department employee conducted the search with limited input from other city departments and without input from regulatory agencies and neighborhood stakeholders. All potential tow lot sites were not identified prior to the selection, as the search was limited to city-owned locations in the central section of the city.

The proposed site for the tow lot is not a suitable location, based on flooding problems, alternative uses for the site recommended by staff in other city departments, environmental concerns from state and federal regulatory agencies, and neighborhood opposition. Because the site is unsuitable, we did not determine whether it is the best available location.

City procedures for site selection do not exist. Neighborhood and Community Services, like most departments, sought assistance from the City Development Department when searching for potential sites. However, NCSD minimally involved other stakeholders within and outside city government, limiting opportunities to address stakeholder concerns and to ensure compliance with local, state, and federal mandates. To evaluate the city's efforts to select a tow lot site, we used guidance on site selection efforts issued by the federal government's General Services Administration (GSA). GSA recommends creating a site selection committee, developing criteria for soliciting potential sites, and evaluating all sites that meet the developed criteria, culminating in the committee's recommendation of the best location. GSA guidance could be used to develop city procedures for site selection.

We recommend the City Manager develop procedures for all city departments to follow when selecting sites for city facilities. The established site selection process should include a site selection committee to develop criteria for seeking and evaluating potential sites, and a committee recommendation on the best location for new city facilities. We recommend the Director of Neighborhood and Community Services follow the City Manager's site selection procedures when seeking a proposed location for the city's tow lot. A determination of the best available site should be made after implementation of the City Manager's site selection procedures. Only then can a valid

comparison of available sites be made. Neighborhood stakeholders in the proposed locations should be included in the department's selection efforts to identify and address any community concerns.

The draft report was sent to the City Manager and the Director of Neighborhood and Community Services on January 21, 2005 for review and comment. Their written responses are appended. We appreciate the courtesy and cooperation extended to us during this project by Neighborhood and Community Services staff. The audit team for this project was Sharon Kingsbury and Gary White.

A handwritten signature in black ink, appearing to read 'Mark Funkhouser', followed by a long horizontal line extending to the right.

Mark Funkhouser
City Auditor

Tow Lot Site Selection Process

Table of Contents

Introduction	1
Objectives	1
Scope and Methodology	1
Background	2
Findings and Recommendations	5
Summary	5
Site Selection Efforts Were Limited; Guidance on Site Selection Needed	6
Site Selection Efforts Were Limited	6
Problems Exist With Proposed Site	7
No City Guidance Exists on Site Selection	8
City Could Use Federal Site Selection Guide	8
Recommendations	11
Appendices	13
Appendix A: City Manager’s Response	13
Appendix B: Director of Neighborhood and Community Services’ Response	17

Introduction

Objectives

This performance audit was initiated by Resolution 041034, adopted on September 9, 2004, which directed the City Auditor to determine whether the proposed site for the city's new tow lot is the best available location.

A performance audit systematically examines evidence to independently assess the performance and management of a program against objective criteria. Performance audits provide information to improve program operations and facilitate decision-making.¹ This audit was designed to answer the following questions:

- Did the city follow a reasonable process in selecting the proposed site for the new tow lot?
- Is the recommended site a suitable location for the new tow lot?

Scope and Methodology

Our review focuses on the site selection process for the new tow lot. We identified the process used to select the proposed tow lot site and compared it to site selection guidance created by the federal government's General Services Administration.

The audit was conducted in accordance with generally accepted government auditing standards. Our methods included:

- Interviewing staff in the Neighborhood and Community Services (NCSD), Water Services, City Development, and Public Works departments.
- Examining files maintained by NCSD on site selection for the new tow lot.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U. S. Government Printing Office 2003), p. 21.

- Interviewing staff in the Missouri Department of Natural Resources and the U. S. Army Corps of Engineers.
- Reviewing the City Charter, Code of Ordinances, and state statutes.
- Touring the current tow lot and the proposed site.
- Reviewing guidance on site selection processes.
- Reviewing previous audit work and Audit Report Tracking System (ARTS) reports.

No information was omitted from this report because it was deemed privileged or confidential.

Background

The Neighborhood and Community Services Department (NCSD) became responsible for the tow service program in 1997. Previously, the Public Works Department operated the tow lot. NCSD's responsibilities include towing and storing illegally parked, abandoned, and stolen vehicles, and processing the vehicle's return to its owner.

Vehicles are towed by order of the Police Department or other authorized officials. Vehicles are towed for safekeeping, to keep streets and public places safe and open, to remove illegally parked vehicles on public and private property, and to hold recovered stolen vehicles or vehicles involved in accidents for police evidence.

According to NCSD staff, approximately 22,000 vehicles per year are towed, about 60 per day. The present tow lot holds about 3,000 cars. When the lot becomes full, NCSD stops towing abandoned vehicles. Auctions of abandoned vehicles are held every other Tuesday.

The tow lot moved from the Missouri riverfront to 3800 Raytown Road in the spring of 1996. Relocated since then, the tow lot is now at 6817 Stadium Drive, within the Leeds Industrial Park. The tow service program occupies about 22 acres of leased land and pays approximately \$190,000 annually for the space.

The City Council recently earmarked bond funds for the new lot and facility upgrades of nearly \$6 million. NCSD requested the City Council authorize the tow lot's relocation to the proposed site, city-owned

property near Coal Mine Road and I-435. The Eastwood Hills Neighborhood Association protested, citing concerns about land use and asking that the city consider alternative sites. NCSD staff report that their search of available city-owned land has not produced a better alternative. NCSD staff indicated they explored several alternatives to moving the tow lot, in part because of the opposition of neighborhood residents.

Buying the current site. To avoid paying rent, NCSD investigated purchasing the current tow lot property. According to city staff, the current owner has adjacent property that could be purchased to expand the current facility. NCSD staff also report, however, that they have determined that the current site is contaminated. They have not investigated potential costs for land purchase and reclamation of the site.

Privatization. Privatizing towing services was investigated; however, NCSD staff assert this would not work. Previously the city tried a “rotation” tow system with private tow operators and city staff. According to a September 2004 report by the tow services manager:

Contractors fought each other and the city. Citizens and the police department were extremely unhappy at the poor response times and services provided by a system where we have little control. Cost benefit analyses proved this to be prohibited. The complaints flooded the offices of department of administration, Mayor and City Council.²

Tow lot staff also claim privatizing tow operations would not sufficiently address efforts to remove abandoned vehicles.

Regional tow lots. The tow lot manager reports that three years ago, ServiceFIRST initiatives included a city-wide sweep of abandoned vehicles. Limited lot space required the city store impounded vehicles at four contractors’ lots. Again, complaints poured in from citizens unable to locate their vehicles. NCSD also concludes the proposal would be too inefficient, requiring more tow lot staff than would be needed at a single location.

² Memorandum from Clay Ancell, Department Manager, Tow Services to David Park, Assistant Director, Neighborhood and Community Services, September 1, 2004.

Findings and Recommendations

Summary

The city did not follow a reasonable process in selecting the proposed tow lot site. Without city-wide guidance, one Neighborhood and Community Services Department employee conducted the search with limited input from other city departments and without input from regulatory agencies and neighborhood stakeholders. All potential tow lot sites were not identified prior to the selection, as the search was limited to city-owned locations in the central section of the city.

The proposed site for the tow lot is not a suitable location, based on flooding problems, alternative uses for the site recommended by staff in other city departments, environmental concerns from state and federal regulatory agencies, and neighborhood opposition.

City procedures for site selection do not exist. Neighborhood and Community Services, like most departments, sought assistance from the City Development Department when searching for potential sites. However, NCSD minimally involved other stakeholders within and outside city government, limiting opportunities to address stakeholder concerns and to ensure compliance with local, state, and federal mandates. To evaluate the city's efforts to select a tow lot site, we used guidance on site selection efforts issued by the federal government's General Services Administration (GSA). GSA recommends creating a site selection committee, developing criteria for soliciting potential sites, and evaluating all sites that meet the developed criteria, culminating in the committee's recommendation of the best location. GSA guidance could be used to develop city procedures for site selection.

The City Manager should develop procedures for all city departments to follow when selecting sites for city facilities. The established site selection process should include a site selection committee to develop criteria for seeking and evaluating potential sites, and a committee recommendation on the best location for new city facilities. In addition, the Director of Neighborhood and Community Services should follow the City Manager's site selection procedures when seeking a proposed location for the city's tow lot. Neighborhood stakeholders in the proposed locations should be included in the department's selection efforts to identify and address any community concerns.

Site Selection Efforts Were Limited; Guidance on Site Selection Needed

Neighborhood and Community Services staff identified the proposed site for the tow lot in 1999. Site selection efforts were limited to city-owned properties in the central sections of the city. The proposed site is unsuitable for the tow lot, based on flooding problems, alternative uses for the site recommended by staff in other departments, environmental concerns, and neighborhood opposition. There is no city guidance on site selection, which hampered NCSD's selection efforts. We found site selection guidance from the federal government's General Services Administration that the city could use to create city procedures.

Site Selection Efforts Were Limited

The city did not follow a reasonable process in selecting the proposed tow lot site. NCSD identified the proposed tow lot site in 1999. Recently, the department attempted to identify alternative locations but the search was conducted by a single NCSD employee and limited to city-owned locations in the central section of the city.

Proposed site was identified in 1999. Neighborhood and Community Services reported plans to build a new tow lot at the proposed location during our August 1999 follow-up audit of the tow service program.³ Completion of the Blue River flood project delayed construction.

We recommended NCSD relocate the city's tow lot to city-owned property in our August 1999 follow-up. In subsequent Audit Report Tracking System (ARTS)⁴ reports, NCSD continued to report plans to relocate the city tow lot to the proposed site. In their final ARTS report of October 30, 2003, NCSD stated they had selected an architect to design the new facility and construction should be completed in 2005.

NCSD recently sought to identify alternative sites to the proposed location. A single NCSD employee was responsible for the department's site selection efforts. He developed criteria for identifying potential sites that included:

- Industrial land
- 20 acres
- Low visibility
- City-owned property

³ *Follow-up Audit: Tow Service Program*, Office of the City Auditor, Kansas City, Missouri, August 1999.

⁴ Administrative Regulation 1-11 requires departments to report on their progress in implementing audit report recommendations at six month intervals following the report's release until all agreed-to recommendations have been implemented or a follow-up audit is conducted.

NCSO contacted staff in City Development, Public Works, and Water Services about city-owned properties that fit the established criteria. Three alternative sites were identified, however, NCSO staff felt the proposed site was the best location. NCSO staff reported they sought a central location because most tows come from the mid-town area.

Problems Exist With Proposed Site

Water Services and Public Works staff report flooding dangers remain at the proposed site and favor alternative uses for the location. Federal and state regulatory agencies raised environmental concerns with locating a tow lot at the site. The neighborhood organization located near the proposed site also opposes its construction.

Water Services and Public Works staff favor alternative uses for the site. Public Works and Water Services Engineers report the proposed site is in the confluence of three sewer interceptors and may be needed for water treatment and storage in the future. Water Services staff also favor this site as a location for expansion of natural wetlands. Finally, Water Services staff report that additional studies are under way or planned for the area and it would be unwise to build the new tow lot at the proposed location and later find it must be moved, due to other more important needs.

Flooding dangers remain. Although NCSO staff anticipated that the Blue River flood control project would eliminate flooding dangers at the proposed site, Water Services staff report the location remains in the floodplain—an area where water pools during a storm—and will remain so due to the area's natural wetlands. Even if a portion of the site were removed from the floodplain, the site would remain in the floodway—an area where the water runs at a high velocity during a storm. Water Services staff identify a floodway as more dangerous than a floodplain.

Environmental concerns exist. Staff with the Missouri Department of Natural Resources report that it is best not to locate a tow lot the size of Kansas City's in or near a floodplain because the likelihood of contamination is too great. While they acknowledge the tow lot could be located at the proposed site, the city would need to address drainage and treatment of water and soil, as well as control runoff and address the release of chemicals into the soil.

According to a representative of the U. S. Army Corp of Engineers, if the site contains a jurisdictional wetland small enough to qualify for a nationwide permit (NWP) that would be eliminated by construction of a tow lot at the proposed location, the city would have to create additional

wetlands at another site. If the project did not meet the terms and limits of a NWP, a public interest review would be conducted prior to deciding whether to approve or deny the application.

A neighborhood organization opposes the proposed location. The Eastwood Hills Community Association asserts moving the tow lot to the proposed location would destroy their neighborhood image and would place the tow lot in view of the neighborhood residents and traffic on I-435. They state that while they have adapted to hosting many public facilities, the tow lot would undermine the integrity of their neighborhood.

No City Guidance Exists on Site Selection

We did not find any written procedures for site selection in city policies. Departments usually identify potential city-owned and commercial sites through City Development, but NCSD only sought information on city-owned sites in the central section of the city.

No city guidance on site selection exists. The City Charter and Code of Ordinances do not contain procedures for selecting sites for city facilities. City staff did not identify any written guidelines. Without guidance, departments may develop plans that conflict with the activities of other city departments, create problems for area citizens, or raise environmental concerns, all problems identified during our review of the tow lot site selection process.

City Development staff report that departments usually ask for a list of available properties, after providing City Development with information on the size of the site they're seeking and the boundary area of interest. In general, when City Development receives this request, they check all the available city-owned sites as well as commercial properties. In the case of the tow lot, NCSD limited its request to city-owned sites and requested information on the average cost of commercial property.

City Could Use Federal Site Selection Guide

The federal government's General Services Administration (GSA) has guidance on site selection that the city could use. GSA recommends a site selection committee, identifying and evaluating all potential sites, and selecting the best location for new facilities. City site selection policies should be developed and used to identify the best location for the tow lot.

The city could use GSA's site selection guide to develop its own procedures. The guide identifies a process for determining where to best locate new federal facilities.⁵ They include:

- Establishing a site selection committee,
- Identifying criteria for soliciting and evaluating proposed sites,
- Identifying all potential sites, and
- Evaluating the sites to identify the best location.

Establishing a site selection committee. GSA states that a strong and competent site selection committee contributes more to a successful site selection process than any other item in their guide. GSA's site selection process relies on the committee to develop criteria for the site selection search, evaluate the identified sites, and recommend the best location. The members of the selection committee should depend on the needs of the project. For the tow lot, the committee should include NSCD staff, staff from other city departments, and representatives of state and federal regulatory agencies. GSA also recommends public involvement when evaluating the list of potential locations to identify and address any public opposition that could delay completion of the project.

Identifying project requirements. Criteria for identifying the best location for the tow lot should be developed by the selection committee, using their individual expertise. GSA suggests the following potential site selection criteria:

Project requirements

- Required site area
- Location preferences
- Security requirements
- Sustainability
- Neighborhood character/immediate surroundings
- Traffic and transportation
- Image and visibility
- Budget

Technical factors

- Physical elements (hydrology/topography, environmental hazards, archaeological features, etc.)
- Zoning and local codes
- Public streets, alleys, drives, curbs, and walks
- Existing use, ownership, and control

⁵ F. Joseph Moravec, Commissioner of the Public Building Services, *The Site Selection Guide*, Office of the Chief Architect, U.S. General Services Administration.

Financial Factors

- Site acquisition and relocation costs
- Demolition/remediation costs
- Site construction and preparation costs
- Infrastructure improvements

The developed criteria should ensure compliance with stakeholder concerns, location requirements, and local, state, and federal mandates.

Identifying all potential sites. Once the requirements for the proposed tow lot are identified, GSA recommends identifying all potential sites, both public and private. The project requirements should be communicated throughout government channels as well as through advertisements to identify private properties that might also be suitable. According to the GSA, evaluating city-owned as well as private sites demonstrates that the selected site offers the best possible location when considering all project requirements. It also provides second and third choice sites, if the preferred site is later eliminated, without restarting the selection process.

Evaluating all the potential sites to identify the best location. Finally, the GSA guidance suggests evaluating all identified sites, according to the established criteria. Neighborhood stakeholders in the proposed locations should be included in the selection process to identify and address any community concerns. Based on this analysis, the selection committee recommends the best available location.

Warning signs of selection process problems were also identified.

Even after the selection process is completed, GSA also provides several “red flags” that indicate problems with the selection process. Concerns raised regarding the proposed location of the tow lot are included in a list of “red flags.” They include:

- Community opposition or opposition from owners/tenants; and
- Discovery of floodplains and environmental contamination.

Procedures for site selection are needed. The City Manager should develop procedures for all city departments to follow when selecting sites for city facilities. The established site selection process should include a site selection committee to develop criteria for seeking and evaluating potential sites and a committee recommendation on the best location.

Tow lot site selection efforts should be revisited. The Director of Neighborhood and Community Services should follow the City Manager's site selection procedures when seeking to identify the best available location for the city tow lot. Neighborhood stakeholders in the proposed locations should be included in the selection process to identify and address any community concerns.

Recommendations

1. The City Manager should develop procedures for selecting sites for city facilities. Procedures should include using a site selection committee to develop criteria for soliciting and evaluating proposed sites, identifying all potential sites, and evaluating them to identify the best location for new city facilities.
2. The Director of Neighborhood and Community Services should follow the site selection procedures developed by the City Manager when seeking a proposed site for the new tow lot. Neighborhood stakeholders in the proposed locations should be included in the selection process to address any community concerns.

Appendix A

City Manager's Response

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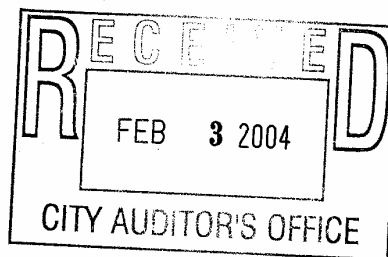
KANSAS CITY
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DATE: February 3, 2005
TO: Mark Funkhouser, City Auditor
FROM: Wayne A. Cauthen, City Manager *W.A.C.*



SUBJECT: Response to Draft Report on Tow Lot Site Selection

The recently completed audit conducted by your department surfaced two issues that must be addressed to determine if the current site is the best site for the tow lot. I have reviewed your audit, and submit to you the following:

Recommendation: The City Manager should develop procedures for selecting sites for city facilities. Procedures should include using a site selection committee to develop criteria for soliciting and evaluating proposed sites, identifying all potential sites, and evaluating them to identify the best location for new city facilities.

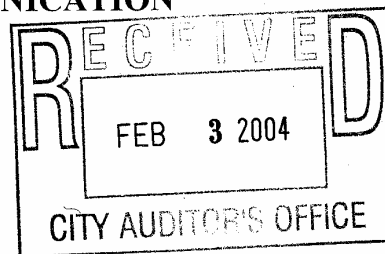
Response: I agree with this recommendation. The city does not currently have a site selection process, and it is a valuable tool that should be integrated in the city's on-going reformation of capital projects and improvements. The most efficient way to fulfill this recommendation is to work through our Asset Manager, Edgar Jordan. I will direct Mr. Jordan to develop a community process, and a management process that will offer the most equitable solutions for all future site selections of city facilities.

Appendix B

Director of Neighborhood and Community Services' Response



INTER-DEPARTMENTAL COMMUNICATION



DATE: February 2, 2005

TO: Mark Funkhouser, City Auditor

FROM: Les Washington, Director, Neighborhood and Community Services

SUBJECT: Response to Report on Tow Lot Site Selection

Neighborhood and Community Services will follow formal site selection procedures in identifying a location for a new tow lot as recommended in the report. We disagree that the proposed site is unsuitable.

A formal site selection process seemed unnecessary in 1999 when the proposed site was first selected. The City already owned the land. It was zoned for industry. And, while it was secluded, it was centrally located and accessible. It seemed to be an obvious choice.

We did search for another location after learning that the Blue River Flood Control Project would need to be completed in the area first. That search informally involved representatives of the Water Department, Public Works Department and Property and Relocation. Concerns about the floodplain and Water Department plans to use the property for a retention and treatment area for the sewage overflow from the combined sewer system during wet weather were discussed and addressed. There would be design elements needed to satisfy concerns, but there was no indication that the site would be unsuitable. No other suitable location was identified so we decided to wait for the Blue River Flood Control Project to be completed.

In 2003, a similar informal process was utilized after the Eastwood Hills neighborhood residents began stating opposition to the choice of this site for the tow lot.

The selection of the current location has been no secret. It has been reported to the city council since 1999. The information was included in the 2001 Eastgate Plan.

As stated above, a formal site selection process will be utilized to search for suitable locations and to select a site for the new tow lot. A site selection committee that includes representatives from City Planning and Development, Missouri Department of Natural Resources, Brownfields Office, and Property and Relocation has been established. Neighborhood stakeholders will be included when potential locations are identified.

Let me know if you have any questions.